



Texas Department of Family and Protective Services

Commissioner
H. L. Whitman, Jr.

November 14, 2017

Mr. Steven Albright
Senior Advisor for State Operations
Office of the Governor
1100 San Jacinto, 4th Floor
Austin, Texas 78701

Ms. Sarah Hicks
Budget Director
Office of the Governor
1100 San Jacinto, 4th Floor
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Mr. John Colyandro
Policy Director
Office of the Governor
1100 San Jacinto, 4th Floor
Austin, Texas 78701

Ms. Ursula Parks
Director
Legislative Budget Board
1501 N. Congress Avenue, 5th Floor
Austin, Texas 78701

Dear Mr. Albright, Mr. Colyandro, Ms. Hicks, and Ms. Parks:

Enclosed is the agency's FY 2018 Monthly Financial Report as of September 2017. The following is a narrative summary of budget adjustments during the month, budget variances, significant changes from appropriated funding, capital budget issues, and other key budget issues at this time.

Several new schedules/reports have been added to meet the reporting requirements in Rider 7, Other Reporting Requirements. Schedule 11 provides 5-year detail actual and projected expenditure information by Object of Expense and Method of Finance for Strategy B.1.1, CPS Direct Delivery Staff.

Supplemental FTE reports have been updated to provide more detail on CPS caseworkers by case stage and by region. A new supplemental report for Critical Needs has also been added.

BUDGET ADJUSTMENTS

The budget adjustments listed below apply to the appropriation year 2018 as of the end of September, 2017. Adjustments to Department of Family and Protective Services (DFPS) appropriation pattern as detailed in the Conference Committee version of H.B.1, 85th Legislature, Regular Session are described.

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A. This adjustment reflects the appropriation adjustment pursuant to Article II, Rider 33, Contingency for Senate Bill 11, Provision of Child Protective Services and Other Health and Human Services by Certain State Agencies or Under Contract with a State Agency. [See Schedule 1a for strategy detail]

B. This adjustment reflects the appropriation adjustment pursuant to Article II, Rider 47, Contingency for Senate Bill 1208, Licensing of Certain Facilities, Homes, and Agencies that Provide Child-Care Services. [See Schedule 1a for strategy detail]

C. This adjustment reflects transfers between appropriations within 20 percent limitation to cover projected expense pursuant to 85th Legislature, SB1 Art IX, Sec 14.01(a), Appropriation Transfers (2018-19 GAA). [Temporary transfer from Central Administration – E.1.1 to Child Care Licensing – B.1.13 to cover expenditures for the child care investigation functions that remain with DFPS. Forthcoming letter to transfer appropriation authority from HHSC to DFPS]

D. This adjustment reflects transfers between non-capital and capital budget items pursuant to the 85th Legislature, SB1 Art IX, Sec 14.03(h), Limitation on Expenditures – Capital Budget (2018-19 GAA). [See Schedule 8 for project detail] [Pending in USAS]

E. Pursuant to Art IX, Sec 13.01, Federal Funds/Block Grants, adjustments have been made to align federal funds/block grants and re-budget federal funds/block grants between FY18 and FY19. Total amounts by CFDA are listed below. Items with changes from the prior month are shaded below. [See FY18 Total Operating Budget Adjustments MFR September supplemental schedule for strategy detail]

93.603 - Adoption Incentive Payments (\$5,890,665)

F. This adjustment reflects changes in estimated federal entitlement funds (gains or losses) pursuant to Art IX, Sec 13.01, Federal Funds/Block Grants Fed Entitlements. Updates in projections affected these sources. [See FY18 Total Operating Budget Adjustments MFR September supplemental schedule for strategy detail]

93.090.060 - Title IV-E Guardianship Assistance - FMAP (\$711,681)
93.658.050 - Title IV-E Foster Care - Administration \$22,941,365
93.658.060 - Title IV-E Foster Care - FMAP (\$38,651,412)
93.659.050 - Title IV-E Adoption Assistance - Administration (\$194,004)
93.659.060 - Title IV-E Adoption Assistance - FMAP \$203,653

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G. This adjustment reflects the appropriation adjustment pursuant to Art IX, Sec. 18.02, Contingency for House Bill 7, Child Protective Services Suites, Motions, and Services and to the Licensing of Certain Facilities, Homes, and Agencies that Provide Child-Care Services. [See Schedule 1a for strategy detail] [Pending in USAS]

BUDGET VARIANCES

Schedules 1, 4, and 6 of this report reflect the agency's current projections for program expenditures as well as the August forecast for entitlement programs (Foster Care and Adoption Subsidy/PCA), Contracted Day Care services, and the Relative Other Designated Caregiver program. Most general revenue shortfalls will be mitigated with the approval received in October 2017 for our letter requesting approval to transfer funding between strategies (letter dated September 7, 2017 - DFPS 2018-A-0004). This adjustment will be reflected in the October monthly report.

This report reflects an agency shortfall of \$67.7 million All Funds consisting of \$71.7 million in General Revenue and an estimated lapse of \$4.0 million Federal Funds and \$0.2 million Other funds that is anticipated to not be drawn or collected.

- Appropriations that are anticipated to result in lapsed budget authority are expressed as a positive variance:
 - 0758 GR-Medicaid Match
 - 93.558 Temporary Assistance to Needy Families (TANF)
 - 93.590 Community-Based Child Abuse Prevention Grants
 - 93.599 Title IV-E Chafee Education and Training Vouchers Program ETV
 - 93.645 Title IV-B part I Child Welfare Service State Grant
 - 93.658.075 Title IV-E Foster Care-Training
 - 93.669 Child Abuse and Neglect State Grants
 - 93.778.003 Medical Assistance Program 50%
 - 666 Appropriated Receipts

- Appropriations for which expense is projected to exceed the adjusted budget are reflected as a negative variance:
 - 0001 General Revenue
 - 8008 GR Title IV-E FMAP
 - 93.556.001 Title IV-B, Part 2 Promoting Safe and Stable Families
 - 93.575 – Child Care and Development Block Grant

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- 93.090.050 Title IV-E Guardianship Assistance – Administration
- 93.090.060 Title IV-E Guardianship Assistance – FMAP
- 93.658.050 Title IV-E Foster Care – Administration
- 93.658.060 Title IV-E Foster Care – FMAP
- 93.659.050 Title IV-E Adoption Assistance
- 93.667 Title XX Social Services Block Grant
- 93.674 Chafee Foster Care Independence Program
- 777 Interagency Contracts

Based on current projections, the agency anticipates estimated general revenue shortfalls in Goal B (Child Protective Services), Goal E (Indirect Administration), and Goal F (Agency-Wide Automated Systems) [see Schedule 6 for strategy detail]. The projected general revenue variances are summarized as follows:

- Entitlement Programs - \$36.6 million shortfall
 - B.1. 9 Foster Care Payments - \$36.0 million – this shortfall does not assume the recently approved rate increases in Community Based Care (letter dated September 6, 2017 – DFPS-2018-A-003)
 - B.1.10 Adoption Subsidy/Permanency Care Assistance - \$0.6 million
- B.1.3 Contracted Day Care Services - \$8.2 million shortfall
- Non-Entitlement Programs - \$26.9 million shortfall
 - Goal A - \$0.02 million surplus
 - Goal B - \$20.6 million shortfall
 - Goal C - \$0.005 million surplus
 - Goal D - \$0.4 million surplus
 - Goal E - \$6.1 million shortfall
 - Goal F - \$0.6 million shortfall

The agency will only have shortfalls in client services strategies in Goal B and B.1.13 Child Care Licensing once adjustments are made for the approval (letter dated September 7, 2017 - DFPS-2018-A-0004).

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

This is the first Monthly Financial Report for FY 2018.

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OTHER KEY BUDGET ISSUES

The agency will continue to utilize transfer authority in Article IX, Sec. 14.01 to make temporary transfers to B.1.13 Child Care Licensing until a letter is submitted to transfer FTE and funding authority between DFPS and HHSC. The projected shortfall in that strategy should be mitigated upon approval.

CAPITAL BUDGET ISSUES

The budget in Schedule 8 (Capital Projects) reflects the DFPS 2018 capital appropriation levels and adjustments to reflect the transfer of the remaining balance in Strategy G.1.1 Agency-Wide Automated Systems to capital projects. Future adjustments will be reflected in Monthly Financial Reports as revenues are realized and/or actual adjusting entries are processed in the Uniform State Accounting System.

B. This adjustment reflects the appropriation adjustment pursuant to Article II, Rider 47, Contingency for Senate Bill 1208, Licensing of Certain Facilities, Homes, and Agencies that Provide Child-Care Services. [See Schedule 8 for capital project detail]

D. This adjustment reflects transfers between non-capital and capital budget items pursuant to the 85th Legislature, SB1 Article IX, Sec 14.03(h), Limitation on Expenditures – Capital Budget (2018-19 GAA). [See Schedule 8 for capital project detail] [Pending in USAS]

STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL

Schedule 10 contains a full listing of request for approval and notifications that DFPS has submitted for the fiscal year. The items listed below are pending.

Letter Topic	Letter Date	November 10, 2017	
Appropriation Year		LBB	Governor
Approvals and Notifications to Address Critical Services and Operations for Fiscal Years 2016 and 2017 [DFPS-2018-A-0002]	September 6, 2017	N	N

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Request for Approval to Pay Rates that Result September 6, 2017 Partial Partial
in Expenditures above Appropriated Levels for
Community-Based Care
[DFPS-2018-A-0003]

Please feel free to contact me at 512/438-3089 if you have any questions or require additional information.

Sincerely,



Lisa Subia
Chief Financial Officer

cc: Garnet Coleman, State Representative
Allison Billodeau, Governor's Office
Jessica Olson, Lieutenant Governor's Office
Heather Fleming, Speaker's Office
Shannon Ghangurde, Senate Finance Committee
Stacey Gilliam, Senate Finance Committee
Kyler Arnold, House Appropriations Committee
Liz Prado, Legislative Budget Board
Julie Lindsey, Legislative Budget Board
Rob Coleman, Director of Fiscal Management